

Tuesday, June 17th, 2008

I came home for the weekend to find the price of premium gas approaching \$5 per gallon. It is about 40 cents higher than in the DC area. Not only is the price of gas unlikely to stop there, but other energy prices are rising too. The price of natural gas has risen dramatically in the last few months. Natural gas provides almost all of our home heating in California as well as about 50% of our electricity generation. Remember the spikes in electricity prices back during the energy crisis of 2001? Well, there won't be that big a jump this time, but there will be a jump in your electric bill and your heating bill soon. So it's not just the price of gasoline which will be impacting your wallet.

So what is happening in Washington to try to deal with this new energy crisis? Nothing. House Democratic leadership has blocked a number of Republican sponsored bills from consideration on the floor, and the only bill they are pushing is a "windfall profits" tax increase on domestic oil production which they know is going nowhere in the Senate or with the president (and which would increase the price of gas rather than decrease it anyway). So there is literally nothing moving to even try to deal with supply, alternatives, conservation or anything else having to do with energy.

It seems to me that this is another example of the disconnect between the Washington establishment and the people not unlike that which has existed on the subject of illegal immigration. When Illegal immigration was clearly the number one issue on people's minds, the then Republican-controlled Congress did little on the issue until the crescendo from the countryside was so loud that they had to take action. Even then, because of disagreements with the Senate and the president, not nearly as many policies became law as should have, and there is still much work to do on this issue (which work, by the way, is also being ignored by this Democrat Congress).

Now, here we are again with energy issues dramatically impacting the lives of everyday Americans, and Congress is doing nothing. There are some of us back here in DC screaming from the balconies about this. Unfortunately, there is unlikely to be much action until the cacophony from the countryside again rises to become so loud that even Nancy Pelosi cannot ignore it. I only hope that the voices of the people are heard before the pain on family budgets reaches a crisis stage.

But, I'm sure you will be happy to know that amongst the things we did take time on the floor of the House to consider last week was a resolution commemorating the end of.....wait for it.....the Revolutionary War. You heard that correctly, the American Revolutionary War. The war ended 225 years ago. The bill passed.

Getting back to energy for a moment, one of the contributing factors to the price of oil has been the weak dollar. If the dollar were still worth the same as a Euro (which it was only a few years ago), the price of oil would be closer to \$80/barrel than the current \$130. The administration has seemed uninterested in the weak dollar and, I believe, is actually pursuing a strategy that allows it. Over the last year, answers to questions I have asked of Treasury Secretary Paulson, President Bush and Fed Chairman Bernanke have all indicated a lack of concern for a falling dollar. I understand the benefit to exports from this policy. But I think the inflationary pressure, energy price impact, and general loss of dollar prestige well outweigh any benefits from the weak dollar strategy. I hope we reverse this soon.

A couple of bad bills that passed the House last week were one on unemployment insurance and one on Amtrak. The unemployment insurance one (HR 5749) would extend the length of unemployment benefits in the face of all evidence that this merely extends the time before people start looking for another job and it would allow 1 year's unemployment payments after as little as 2 weeks working. If this passes the Senate, the president has indicated he will veto it. The Amtrak bill (HR 6003) dumps billions more of your money into a venture that has already sucked up \$30 billion in federal subsidies and is 6 years past the date when those subsidies were to have made it self-sufficient. You will be subsidizing such things as food on Amtrak trains which is sold to customers at an annual loss of \$80 million. The future of the Amtrak bill is uncertain.

Oh, and by the way, neither the Amtrak nor the unemployment insurance bill were "paid for" by cutting spending or raising taxes somewhere else. They add to the many times the Democrats have waived their worthless "paygo" rule and keep spending and spending us deeper and deeper into debt. We should have the largest nominal deficit in history by the end of the year.

So what, you ask, should we be doing on energy. In my view, it is not a choice. We should be doing just about everything. We should be opening up more areas for domestic oil and gas exploration as well as removing tariffs on imported alternative fuels and encouraging or mandating new alternatives and conservation methods as well. There is no one solution or silver bullet here. But if we don't start doing something, we may just find a bullet deeply embedded in the American economy.

Until next time, I remain respectfully,

Congressman John Campbell